

SENATE BILL 2931
By Henry

AN ACT to amend Tennessee Code Annotated, Title 67,
relative to delinquent property taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, is amended by adding
the following language as a new, appropriately designated section:

Section 67-5-____.

(a) As used in this section, unless the context otherwise requires:

(1) "Taxing agency" means:

(A) Any county having a population greater than one hundred
thousand (100,000) according to the 2000 federal census or any
subsequent federal census; or

(B) Any city, town, taxing district, municipal corporation, political
subdivision or any other state or local governmental entity that is
authorized to assess taxes on real property that is wholly or partially
within a county described in subdivision (a)(1)(A);

(2) "Tax collector" means, in the case a taxing agency that is a county or
for which a county acts as its tax collector, the county trustee, and, in the case of
a taxing agency that is a governmental entity that, under existing laws, collects its
own taxes, assessments, or other charges secured by real property, the officer of
the taxing agency responsible for collecting such taxes or charges; and

(3) "Tax receivable" means the right to receive revenue from a tax,
assessment, or other charge secured by a lien on real property that remains

unpaid after its due date in whole or in part, including all penalties and interest on such taxes, assessments, or other charges accrued pursuant to law.

(b) Any taxing agency by resolution of its governing body may elect to sell its tax receivables to public or private parties. All interest and penalties imposed by law shall continue to accrue on the unpaid original amount of the tax in the same manner as if such tax receivables had not been sold. In the case of a taxing agency for which the applicable county trustee acts as collector, the taxing agency may authorize the county trustee to act as its agent in connection with such sales and the administration of such sales and of the related tax receivables. Sales of tax receivables may be by individual parcel or in bulk. Any purchaser of tax receivables, or its parent entity, must have, at the time of the purchase, an investment grade short term credit rating from at least two (2) nationally recognized rating agencies. The taxing agency may establish such other criteria for eligible purchasers of tax receivables and may make such sales pursuant to negotiated sale for such prices as the taxing agency determines to be in the best interest of the taxing agency.

(c) A taxing agency may enter into purchase and sale agreements for the sale of tax receivables, which purchase and sale agreements may, consistent with the provisions of this section, contain such terms, covenants, representations and warranties as, in the judgment of the taxing agency, shall be necessary or desirable. The agreement may require the taxing agency to repurchase a tax receivable, or to substitute another tax receivable of equivalent value, for prices and under conditions specified in the agreement.

(d) The proceeds of all collections of tax receivables, whether received by way of redemption, sale of the related property in a tax sale, sale of the property by a governmental entity that acquired the property in a tax sale or otherwise, shall be applied

to the payment of tax receivables sold and not sold in the same order of priority as if the tax receivables that were sold had not been sold. All amounts collected on account of the tax receivables shall be promptly paid by the taxing agency to the holder of the tax receivable; provided, however, that the taxing agency shall have the right to retain all amounts that are charged and collected as trustee's fees, attorney's fees and costs of collection or that are otherwise collected in excess of the amount due on the tax receivables sold.

(e) Unless provided otherwise in the purchase and sale agreement with respect to tax receivables sold:

(1) The amount bid in a tax sale on behalf of the governmental entities for which the taxes are owing shall include the amount of all tax receivables sold, including the costs incident to the collection thereof;

(2) In the event that the property is acquired by a governmental entity in a tax sale and is not redeemed by the end of the redemption period, then the governmental entity shall promptly offer the property for sale to private purchasers by appropriate means and shall make diligent efforts to sell the same at its reasonable market value, unless the governmental entity pays to the purchasers of the tax receivables the full amount of the tax receivables then due and unpaid;

(3) After a tax sale to a governmental entity, penalties and interest pursuant to §67-5-2010(a)(1) shall continue to accrue on any tax receivables sold until paid in full; however, under no circumstances shall the cost of redemption be greater than if the receivable had not been sold; and

(4) No governmental entity shall have the power to discharge, reduce, delay or otherwise compromise the payment of any tax receivables that have

been sold unless the governmental entity pays to the purchasers of the tax receivables the amount of the tax receivable payments that have been reduced, delayed or otherwise compromised.

(f) Tax receivables and the penalties and interest accrued thereon shall be exempt from taxation by any governmental entity. The real property affected by any tax receivable shall not be exempt from taxation by reason of this section.

(g) Upon the failure of the tax collector to perform its duties to collect tax receivables sold, to institute suits for the collection of the tax receivables, to cause the related property to be sold at a tax sale or to make diligent effort to sell the property at its reasonable market value within the time provided by law, the purchasers of the tax receivables shall have the right to maintain an action for a writ of mandamus to compel the tax collector to employ an attorney to institute and prosecute suits for the collection of such taxes. Nothing in this subsection (g) shall be construed to require of the tax collector or its officers, employees, agents or attorneys a standard of performance of their statutory or contractual duties in the collection of a tax receivable that is different from the standard of performance otherwise required of those persons.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.